

# FY2016 Financial Results



May 10, 2016



TOYOTA INDUSTRIES CORPORATION

# I. Financial Summary

1. Points of financial results
2. Financial results for FY2016
3. Financial forecast for FY2017

# Points of Financial Results for FY2016

1. Net sales, operating profit, ordinary profit and profit attributable to owners of the parent marked record highs.
2. The favorable results of the materials handling equipment segment and car air-conditioning compressor business significantly contributed to the consolidated financial results.
3. Decreases in net sales and operating profit are expected for FY2017 forecast due to yen appreciation forecast.

# Performance <FY2016>

(Billion yen)

	FY2015	FY2016	Change	
Net sales	2,166.6	2,228.9	62.3	2.9%
Operating profit	117.5	127.9	10.4	8.8%
Ordinary profit	170.8	185.3	14.5	8.5%
Profit attributable to owners of the parent	115.2	183.0	67.8	58.8%
Earnings per share	¥367.06	¥582.58	¥215.52	-
Dividends per share [Year end]	¥110 [¥60]	¥120 [¥60]	¥10 [ - ]	- [ - ]
Consolidated payout ratio	30.0%	20.6%	-	-
Total return ratio	-	30.4%	-	-
<b>¥/US\$</b>	¥110	¥120	¥10	-
<b>¥/Euro</b>	¥139	¥133	(¥6)	-

\*Both net sales and profit increased.

\*The materials handling equipment segment and the car air-conditioning compressor business have driven the financial results.

\*Increased dividends per share from ¥110 to ¥120.

# Segment Information <FY2016>

**Net sales** [Operating profit] (Billion yen)

	FY2015	FY2016	Change	
<b>Vehicle</b>	459.0	<b>480.0</b>	21.0	4.6%
<b>Engine</b>	192.0	<b>158.2</b>	(33.8)	(17.6%)
<b>Car air-conditioning compressor</b>	324.6	<b>342.6</b>	18.0	5.6%
<b>Electronics parts, foundry and others</b>	74.9	<b>64.8</b>	(10.1)	(13.4%)
<b>Automobile</b>	1,050.7 [35.9]	<b>1,045.7</b> [33.3]	(5.0) [(2.6)]	(0.5%)
<b>Materials handling equipment</b>	924.9 [68.8]	<b>1,004.1</b> [79.7]	79.2 [10.9]	8.6%
<b>Logistics</b>	98.0 [6.2]	<b>86.9</b> [5.2]	(11.1) [(1.0)]	(11.3%)
<b>Textile machinery</b>	68.1 [2.6]	<b>65.6</b> [4.1]	(2.5) [1.5]	(3.7%)
<b>Others</b>	24.7 [3.7]	<b>26.4</b> [4.8]	1.7 [1.1]	6.7%
<b>Total</b>	2,166.6 [117.5]	<b>2,228.9</b> [127.9]	62.3 [10.4]	2.9%

## Unit sales

(Thousand units)

	FY2015	FY2016	Change
RAV4	205	<b>201</b>	(4)
Vitz (Yaris)	103	<b>92</b>	(11)
<b>Vehicle</b>	308	<b>293</b>	(15)
Diesel	355	<b>242</b>	(113)
Gasoline	213	<b>192</b>	(21)
<b>Engine</b>	568	<b>434</b>	(134)
<b>Car air-conditioning compressor</b>	29,320	<b>30,370</b>	1,050
<b>Materials handling equipment</b>	222	<b>239</b>	17
<b>Air-jet loom</b>	5.8	<b>6.2</b>	0.4

Vehicle :Although unit sales decreased, production of RAV4 Hybrid led increase in net sales.

Engine :Net sales decreased due to unit sales decrease of KD diesel engines.

Car air-conditioning compressor :Net sales increased thanks to unit sales increase mainly for outside Japan.

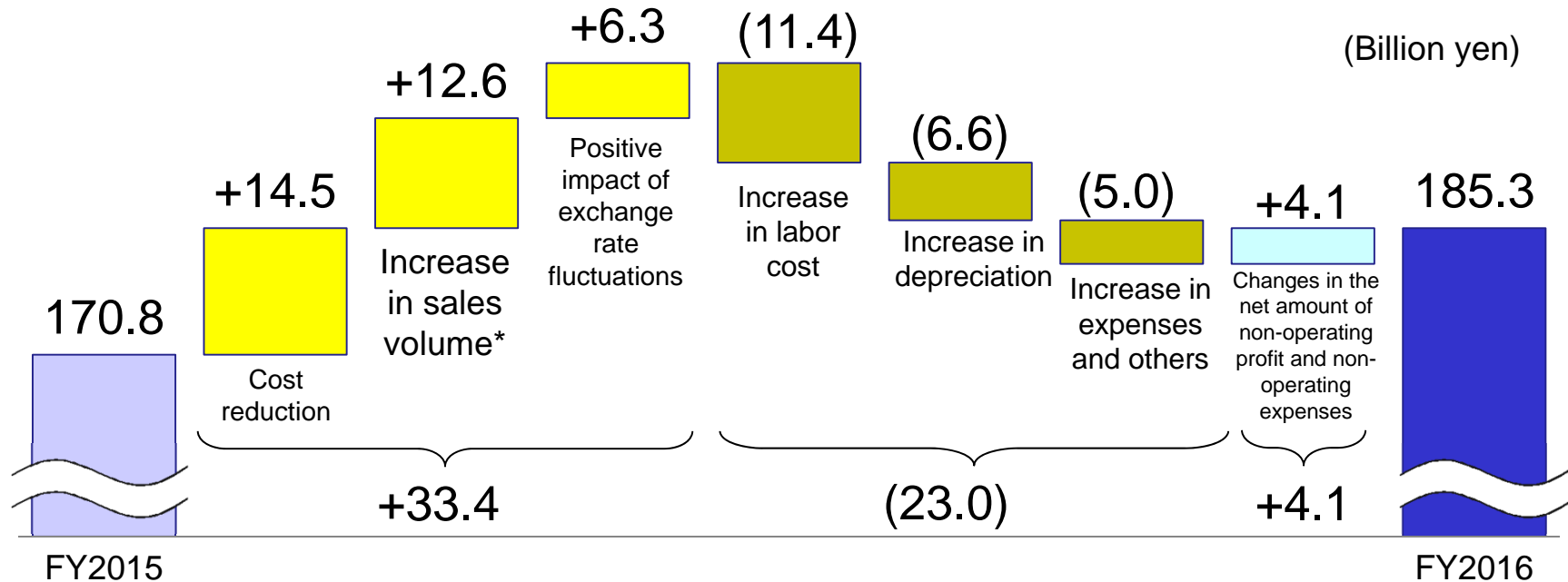
Materials handling equipment :Net sales increased by increase of unit sales as well as contribution of newly consolidated US sales finance and Tailift.

# Changes in Operating Profit and Ordinary Profit

Year-on-year comparison (FY2015 and FY2016)

Ordinary profit: ¥14.5 billion increase

Operating profit: ¥10.4 billion increase (from ¥117.5 billion to ¥127.9 billion)



\*Cost reduction and favorable results of the materials handling equipment segment and car air-conditioning compressor business contributed to the increase of consolidated profit.

\*Labor cost and depreciation increased due to our aggressive sales increase activities.

\*Includes ¥2.5 billion exchange conversion gain on operating profit outside Japan.

# Performance <FY2016>

(Billion yen)

	FY2015	FY2016	Change	
Investments in tangible assets	126.3	<b>75.4</b>	(50.9)	(40.3%)
Depreciation	70.7	<b>77.3</b>	6.6	9.3%

Investments in tangible assets in the Automobile segment decreased, mainly for the car air-conditioning compressor and engine businesses.

\*FY2016 depreciation continued to increase because of investments in tangible assets and other factors in FY2015.

# Performance <FY2016>

(Billion yen)

	As of March 31, 2015	As of March 31, 2016	Change	
Total assets	4,650.8	<b>4,199.1</b>	(451.7)	(9.7%)
Total net assets	2,425.9	<b>2,113.9</b>	(312.0)	(12.9%)
Total net assets per share	¥7,500.16	<b>¥6,481.97</b>	(¥1,018.19)	-
Equity ratio	50.7%	<b>48.5%</b>	-	-
Consolidated subsidiaries	214	<b>214</b>	-	-

\*Total assets and total net assets decreased due to a decrease in market value of investment securities.



# Performance <FY2017 Forecast>

(Billion yen)

	FY2016	FY2017	Change	
<b>Net sales</b>	2,228.9	<b>2,200.0</b>	(28.9)	(1.3%)
<b>Operating profit</b>	127.9	<b>120.0</b>	(7.9)	(6.2%)
<b>Ordinary profit</b>	185.3	<b>177.0</b>	(8.3)	(4.5%)
<b>Profit attributable to owners of the present</b>	183.0	<b>120.0</b>	(63.0)	(34.4%)
<b>Earnings per share</b>	¥582.58	<b>¥381.89</b>	(¥200.69)	-
<b>Cash dividends per share [Year-end]</b>	¥120 [¥60]	<b>¥120</b> [¥60]	- [ - ]	- [ - ]
<b>Payout ratio</b>	20.6%	<b>31.4%</b>	-	-
<b>¥/US\$</b>	¥120	<b>¥105</b>	(¥15)	-
<b>¥/Euro</b>	¥133	<b>¥120</b>	(¥13)	-

# Segment Information <FY2017 Forecast>

**Net sales** [Operating profit] (Billion yen)

	FY2016	FY2017	Change	
<b>Vehicle</b>	480.0	<b>535.0</b>	55.0	11.4%
<b>Engine</b>	158.2	<b>160.0</b>	1.8	1.1%
<b>Car air-conditioning compressor</b>	342.6	<b>330.0</b>	(12.6)	(3.7)%
<b>Electronics parts, foundry and others</b>	64.8	<b>70.0</b>	5.2	7.9%
<b>Automobile</b>	1,045.7 [33.3]	<b>1,095.0</b>	49.3	4.7%
<b>Materials handling equipment</b>	1,004.1 [79.7]	<b>990.0</b>	(14.1)	(1.4)%
<b>Logistics</b>	86.9 [5.2]	-	-	-
<b>Textile machinery</b>	65.6 [4.1]	<b>56.0</b>	(9.6)	(14.7)%
<b>Others</b>	26.4 [4.8]	<b>59.0</b>	32.6	123.3%
<b>Total</b>	2,228.9 [127.9]	<b>2,200.0</b> [120.0]	(28.9) [(7.9)]	(1.3)%

**Unit sales**

(Thousand units)

	FY2016	FY2017	Change
<b>RAV4</b>	201	<b>207</b>	6
<b>Vitz (Yaris)</b>	92	<b>93</b>	1
<b>Vehicle</b>	293	<b>300</b>	7
<b>Diesel</b>	242	<b>283</b>	41
<b>Gasoline</b>	192	<b>217</b>	25
<b>Engine</b>	434	<b>500</b>	66
<b>Car air-conditioning compressor</b>	30,370	<b>32,300</b>	1,930
<b>Materials handling equipment</b>	239	<b>244</b>	5
<b>Air-jet loom</b>	6.2	<b>5.0</b>	(1.2)

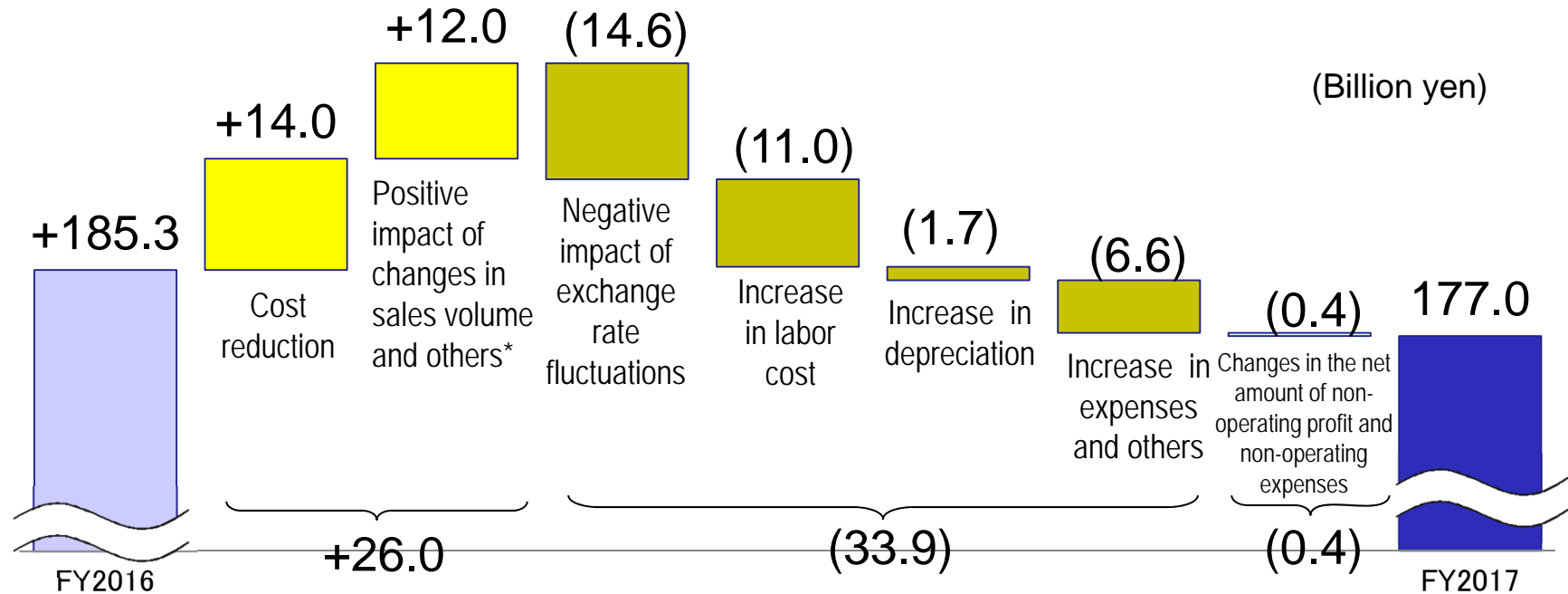
Note: FY2017 forecast of Logistics segment is included in Materials handling equipment and Others segments due to decrease in importance with the sales of shares of subsidiaries.

# Changes in Ordinary Profit and Operating Profit

Year-on-year comparison (FY2016 full year and FY2017 full year forecast)

Ordinary profit: ¥8.3 billion decrease

Operating profit: ¥7.9 billion decrease (from ¥127.9 billion to ¥120.0 billion)



\*Includes ¥8.0 billion exchange conversion loss on operating profit outside Japan.

# Performance <FY2017 Forecast>

(Billion yen)

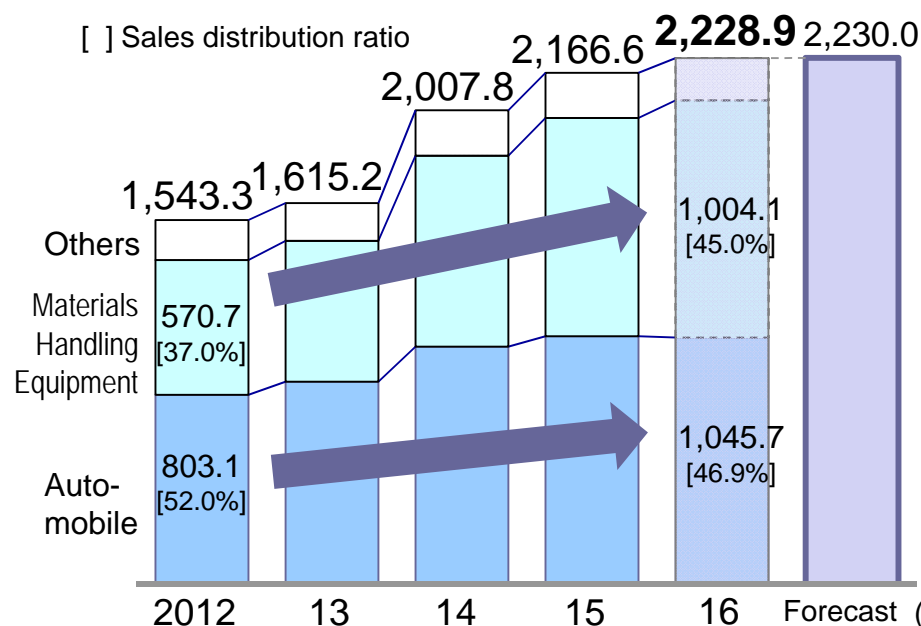
	FY2016	FY2017	Change	
Investments in tangible assets	75.4	<b>100.0</b>	24.6	32.6%
Depreciation	77.3	<b>79.0</b>	1.7	2.1%

## II. Review of Medium-Term Management Plan for FY2013 to 2016

# Review of Medium-Term Management Plan for FY 2013 to 2016

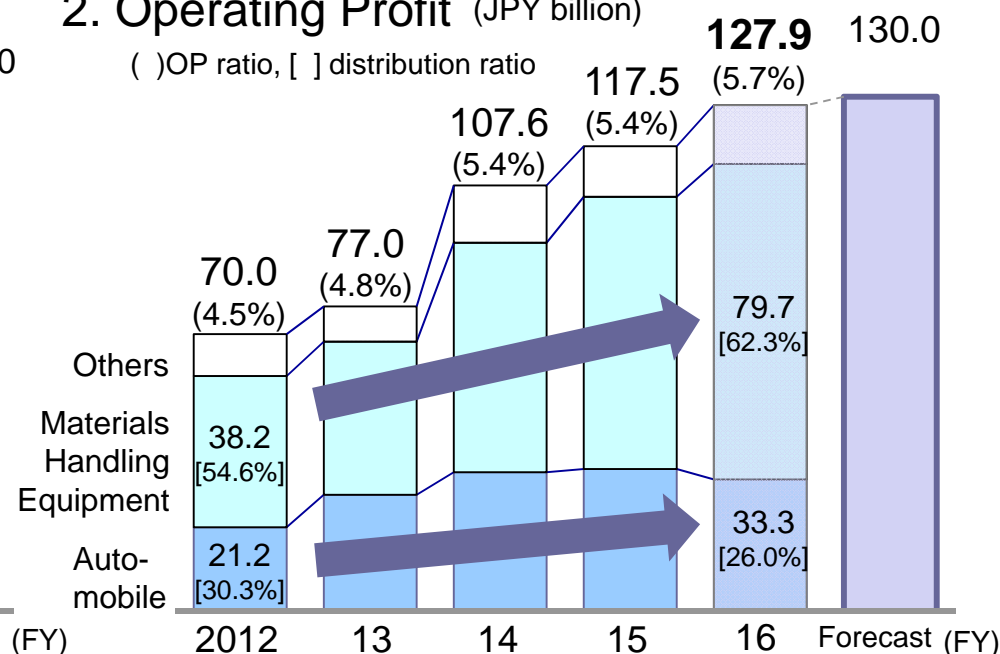
## 1. Net Sales (JPY billion)

[ ] Sales distribution ratio



## 2. Operating Profit (JPY billion)

( ) OP ratio, [ ] distribution ratio



## 3. Capital Expenditure

Cumulative total for FY2013 to 16

Approx. JPY 780 billion

(Including JPY 400.5 billion for tangible assets)

## 4. ROA and ROE for FY2016

	Plan	Result
ROA	5.0%	<b>7.3%</b>
ROE	10.0%	<b>20.8%</b>

\*: Including extraordinary profit gained from sales of shares of Asahi Security Co., Ltd. and Wanbishi Archives Co., Ltd.

\*: Investment securities are calculated on the basis of purchase prices.

**\*Steadily expanded businesses with our mainstay Automobile and Materials Handling Equipment businesses.**

**\*Net Sales and Operating Profit almost reached to the forecast although expenses increased due to aggressive investments.**

# III. Future Actions

1. Concentration and Selection of Businesses
2. Toward Vision 2020

## Promoted concentration and selection of businesses

FY2008 to 2013

- Disengagement from consumer electronics including ST Liquid Crystal Display Corporation and TIBC Corporation
- Restructuring of logistics business including FUJI LOGISTICS CO., LTD. and Mail & e Business Logistics Service Co., Ltd.

FY2016

### Asahi Security Co., Ltd.

- \*Cash collection and delivery and cash proceeds management services
- \*Security guard services for cash machines
- > SECOM CO., LTD. has acquired Asahi

### Wanbishi Archives Co., Ltd.

- \*Data storage, management, collection and delivery services
- \*Business data backup services
- > NIPPON EXPRESS CO., LTD. has acquired Wanbishi

\*Initially aimed growth of consigned operation of distribution centers.

\*Certain degree of achievements through support for improvements, etc.

We have decided to sell shares of both companies in consideration of their benefit of further growth; they can anticipate greater synergy with SECOM and NIPPON EXPRESS respectively.

**Aim for further growth by continuing concentration and selection of businesses in consideration of affinity with materials handling equipment and automobile related fields.**



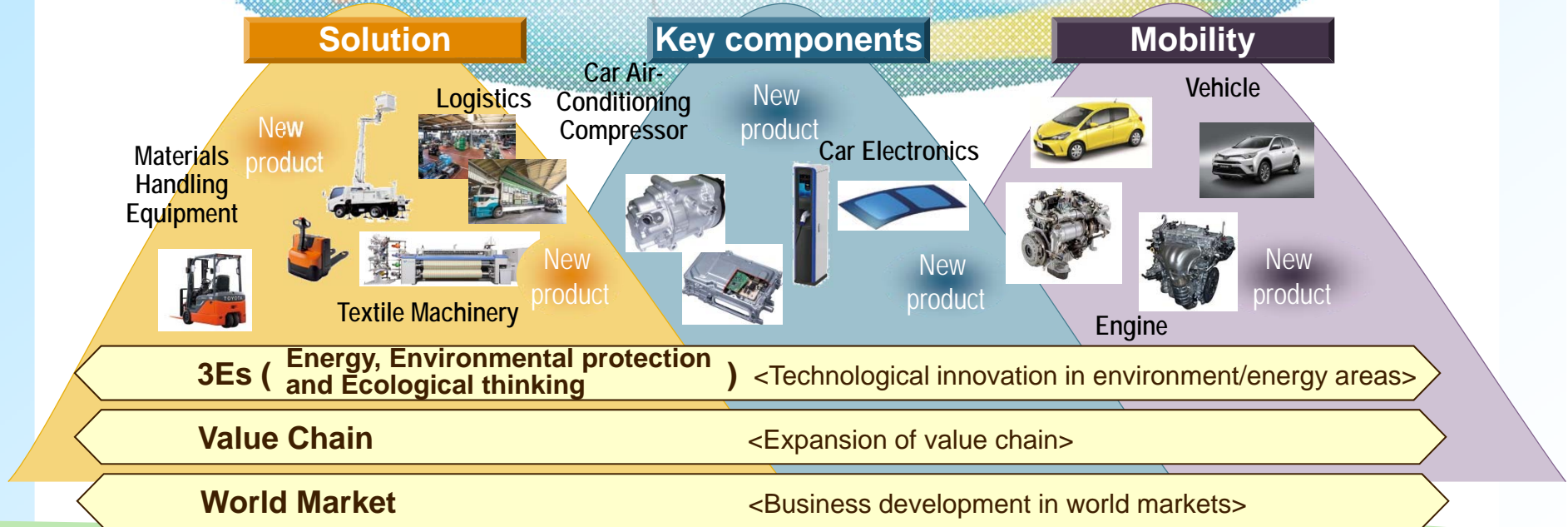
# III. Future Initiatives

1. Concentration and Selection of Businesses
2. Toward Vision 2020
  - 1) Ideal form
  - 2) Our initiatives

# Further strengthen our initiatives to realize Vision 2020

Support industries and social foundation around the world by continuously supplying products/services that anticipate customers' needs in order to contribute to a comfortable society and enriched lifestyles

**To contribute to a comfortable society and enriched lifestyles**



Contribute to realizing a society with minimum environmental impact through technological innovation in environment/energy areas

Create new business value by strengthening both hardware and software development by cultivating technology "seeds"

Develop businesses all over the world and meticulously respond to each region's customer needs

Maintain the world's highest-level SEQCD by improving our business based on team strength and TPS

Strengthen growth potential by leveraging synergies among divisions, strategic M&As and alliances

# III. Future Initiatives

1. Concentration and Selection of Businesses

2. Toward Vision 2020

1) Ideal form

2) Our initiatives

Materials Handling Equipment

Car air-conditioning Compressor

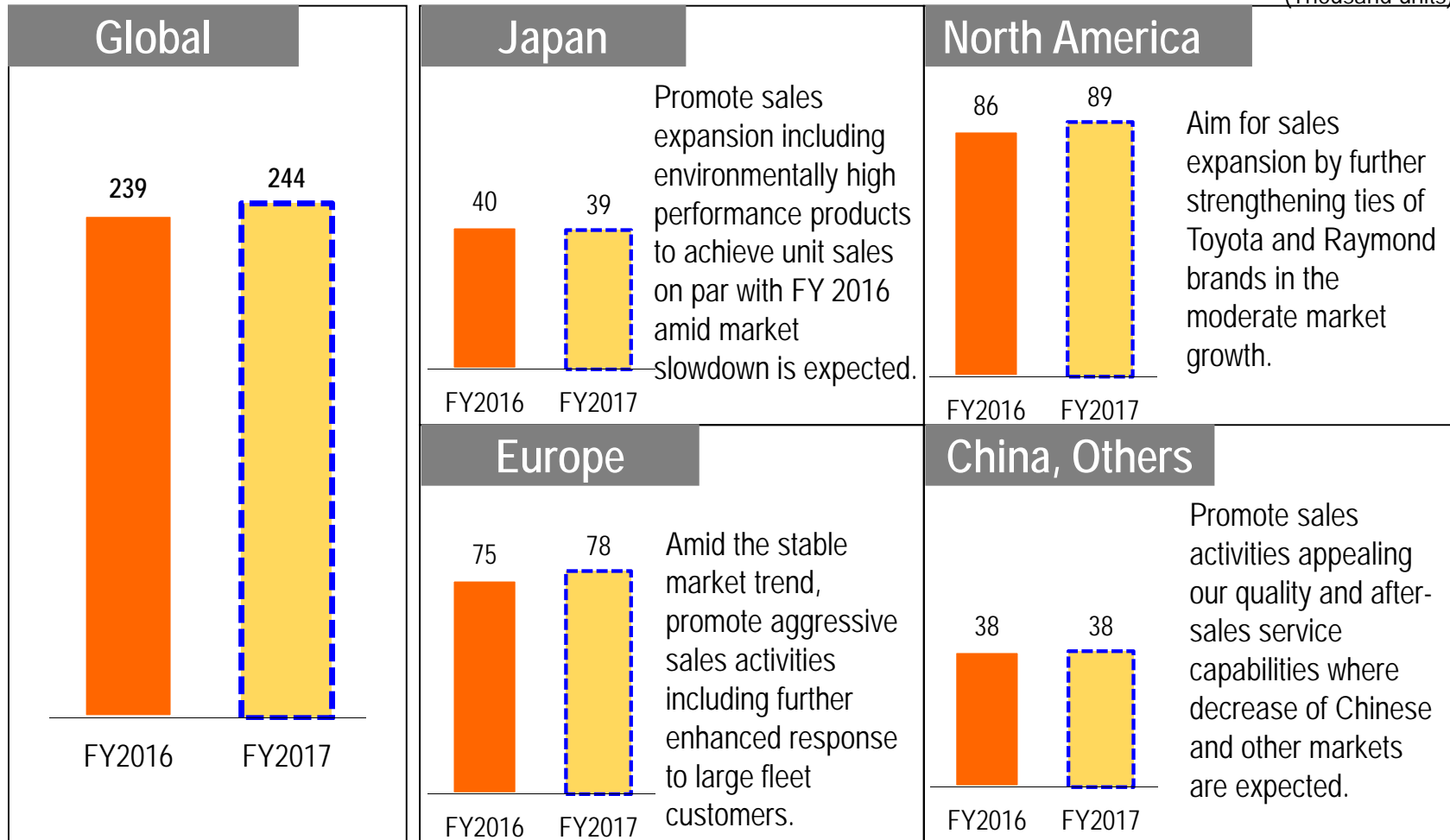
Engine, Car Electronics

# Materials Handling Equipment

## Our recent lift truck sales and forecast

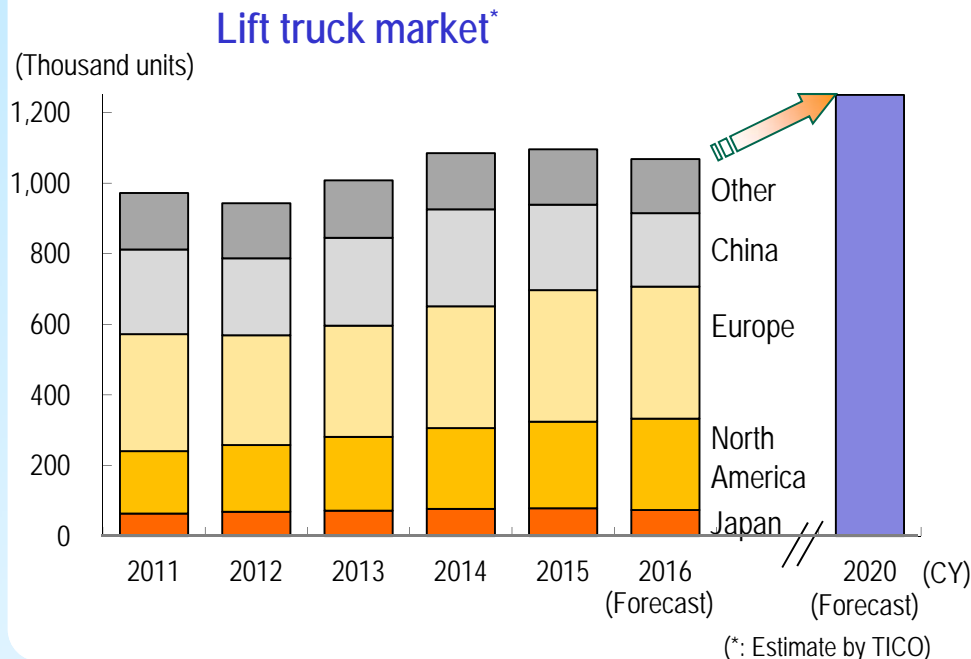
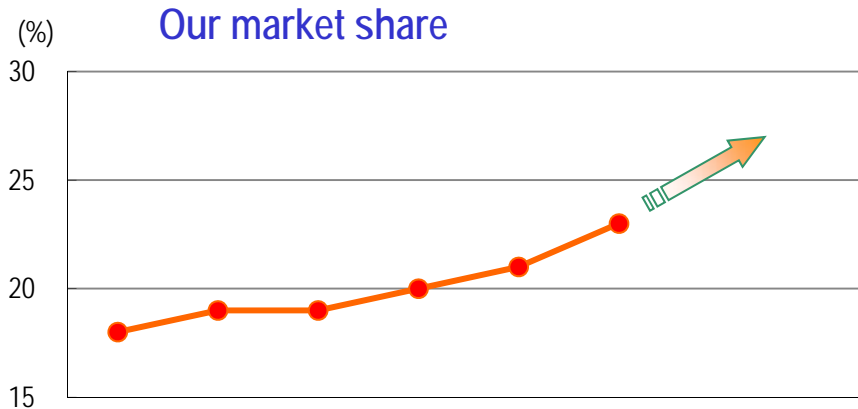
Aim to increase unit sales exceeding previous year by leveraging our strong product appeal as well as sales and after-sales service network amid weaker lift truck market is expected due to slow down of global economy.

(Thousand units)



# Materials Handling Equipment

## Picture of mid-term growth



## Lift truck market forecast for 2020

Moderate growth is expected thanks to emerging countries' economic growth.

### Our initiatives

**Aim for further growth by market share increase and expansion of value chain**

#### Strengthen lift truck business to increase market share

- \*Introduce environmentally high performance products
- \*Sales expansion activities with our strong network
- \*Further enhance our response to large fleet customers
- \*Sales expansion activities by leveraging advantages of TICO and Tailift

#### Expansion of value chain

- \*Enhance logistics solution
- \*Further improve after-sales service quality at global basis
- \*Generate synergy effects with Cascade
- \*Strengthen sales finance business

## Materials Handling Equipment

Introduction of new lift trucks with excellent environmental performance developed centered on 3Es



Diesel engine lift truck  
FY 2014-2015

- Fitted with in-house developed clean diesel engine and turbocharger on internal combustion lift truck

\*Achieved lower fuel consumption and emission



New 3-wheel electric lift truck  
for European market  
FY 2016

- Fitted with in-house developed motor on electric lift truck which demand is growing especially in developed countries

\*Class leading operating time

\*Improved operability inside warehouse thanks to its ability to turn in a small radius



Practical use model of  
fuel cell lift truck  
Planned in FY 2017

- Increase of feasibility test of fuel cell lift truck

\*Cost reduction and increase of reliability by fitting with the dedicated FC system for lift truck using the same fuel cell used in the Toyota MIRAI FCV

## Materials Handling Equipment

### Strengthening logistics solution

Increase customers' logistics efficiency by offering logistics solution combining hardware and software

#### Hardware

Industrial vehicles including lift trucks,  
Materials handling systems

#### Software

Kaizen (improvement) know-how  
cultivated through logistics businesses



TOYOTA I\_Site

#### ● Logistics improvement by telematics “TOYOTA I\_Site”

##### Case example of Albert Heijn, the Netherlands

Supermarket chain with more than 900 stores and 6 distribution centers.

\*By enabling to monitor multiple fleet, contributed to higher efficient vehicle management and lower environmental load.

\*Such functions as record of shocks and pre-operational checks raised safety awareness of operators and led damage reduction.



GENEO-Ecore

#### ● Launch of telematics in Japan on new electric lift truck “GENEO-Ecore”

\*Support to build efficient logistic operations by visualizing lift truck data

\*Plan to increase models fitted with telematics

## Materials Handling Equipment

Strengthen materials handling equipment sales, after-sales services and key components

### Strengthen sales and after-sales services capabilities

- Further improve our response to customers by enhancement of sales and after-sales services network
  - \*Integration of sales channels as well as making distributors into subsidiaries in developed countries
    - \*Completed integration of separately operated sales channels for Toyota- and BT-brand sales channels in major 31 countries in Europe
    - \*Made important distributors into subsidiaries in the U.S.A.
  - \*Expanded sales and after-sales services network in emerging countries
- Upgrade after-sales service capabilities by continuous training for trainers and other efforts.



Training at TMHG Global Training Center

### Enhancement of materials handling equipment related fields

- Acquired Cascade Corporation, a U.S. lift truck attachment manufacturer in 2013.
  - \*Better respond to customers' various logistics needs by leveraging broader business capability.



Lift truck attachment



# Materials Handling Equipment

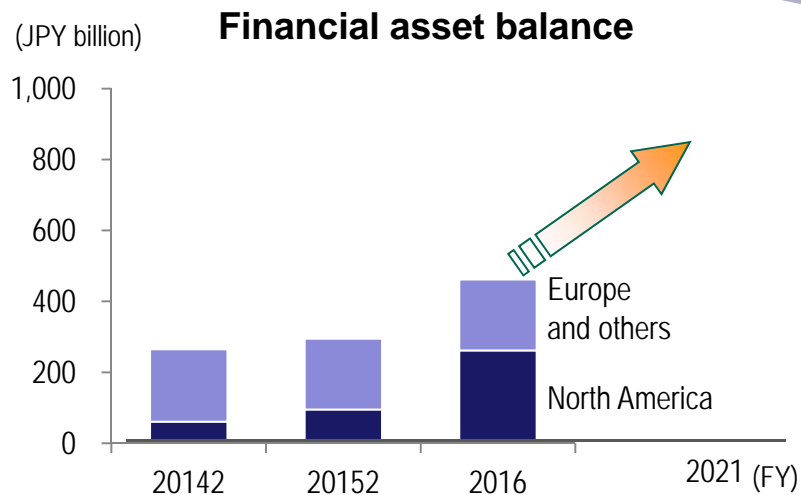
## Strengthened sales finance business



**April 2016**

**Established German branch of our European sales finance entity and started its operation.**

Acquired financial asset for materials handling equipment from Toyota's financial management company.



**Strengthen sales finance business globally by expanding activities in Europe and emerging countries.**

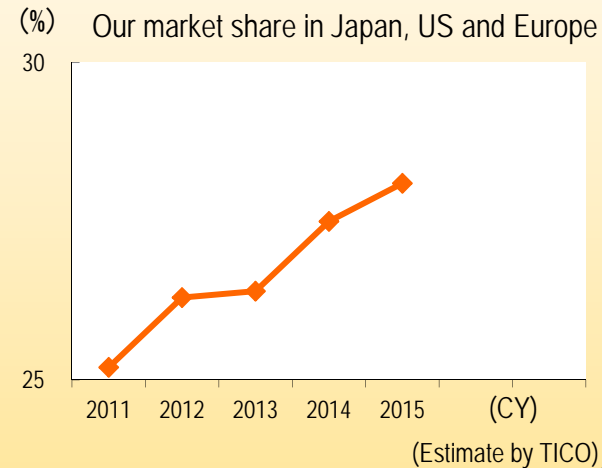
Aim to expand value chain including after-sales services and used vehicles to better respond to various customers' needs by strengthening sales finance capability.

## Materials Handling Equipment

Further enhance our strength of materials handling equipment business in developed countries and better respond to needs in emerging countries

### Continue activities in developed countries where our core markets

- \*Introduce new products with high environmental performance
- \*Sales and after-sales activities by leveraging enhanced network
- \*Strengthen response to large fleet customers
- \*Logistics solution proposals combining hardware and software



### Enhancement of activities in emerging countries

- \*Plan to enhance product lines and sales activities by leveraging advantages of Tailift (Taiwan) and TICO

#### Advantage of Tailift

Middle- to low-price range products

#### Advantage of TICO

Quality focused manufacturing and highly efficient production

# III. Future Initiatives

1. Concentration and Selection of Businesses
2. Toward Vision 2020
  - 1) Ideal form
  - 2) Our initiatives

Materials Handling Equipment

Car air-conditioning Compressor

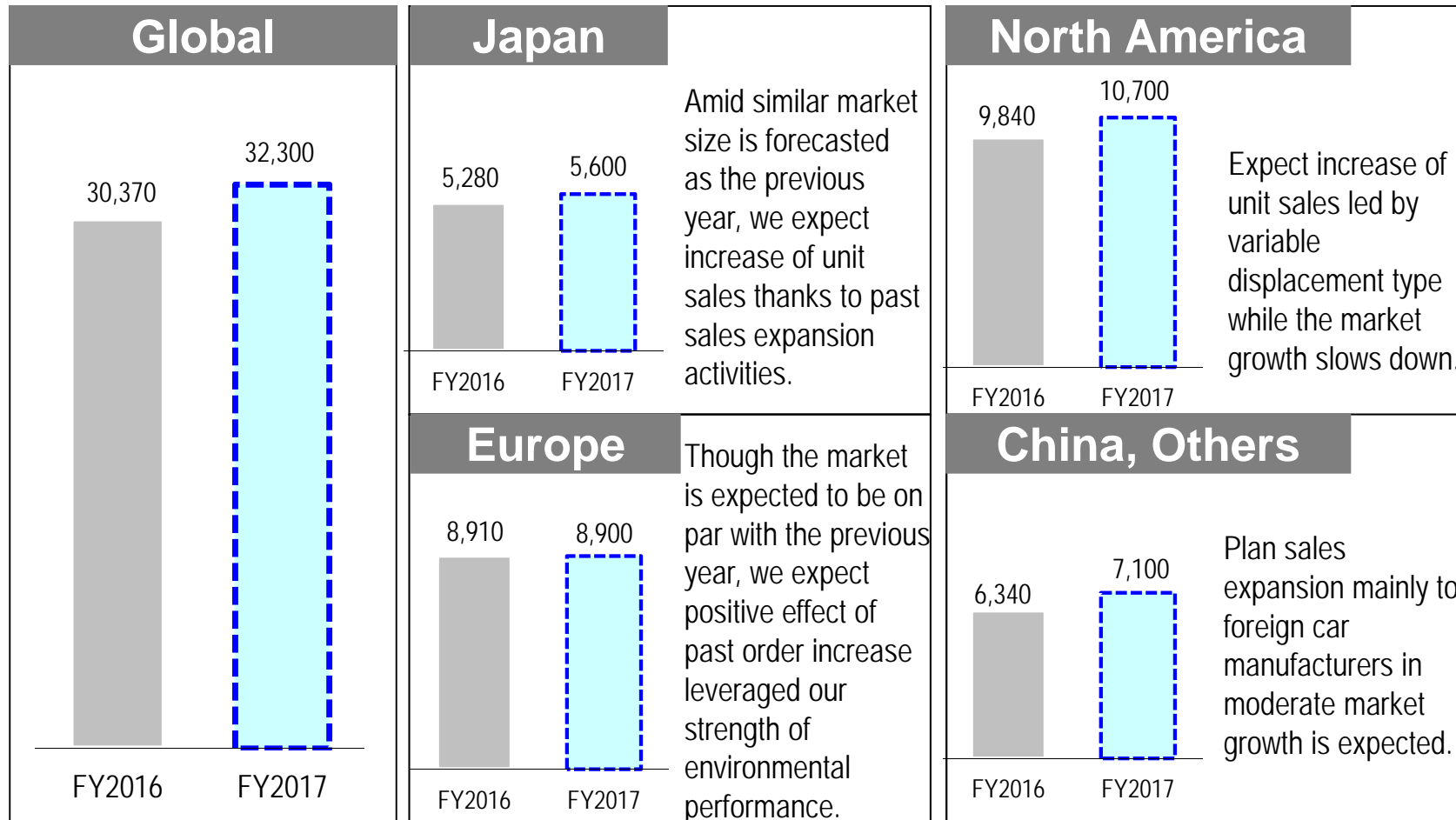
Engine, Car Electronics

# Car air-conditioning Compressor

## Our recent compressor sales and forecast

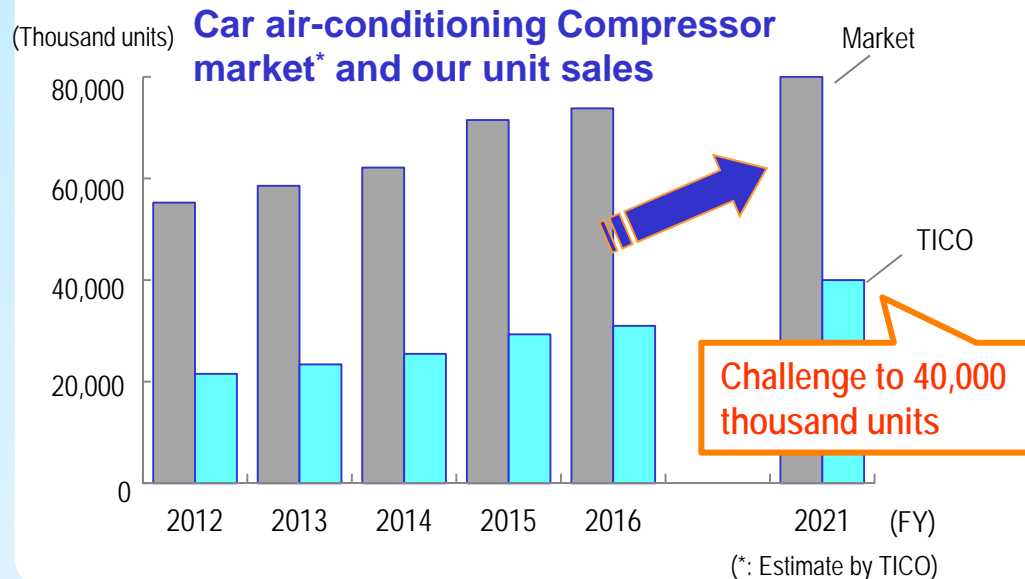
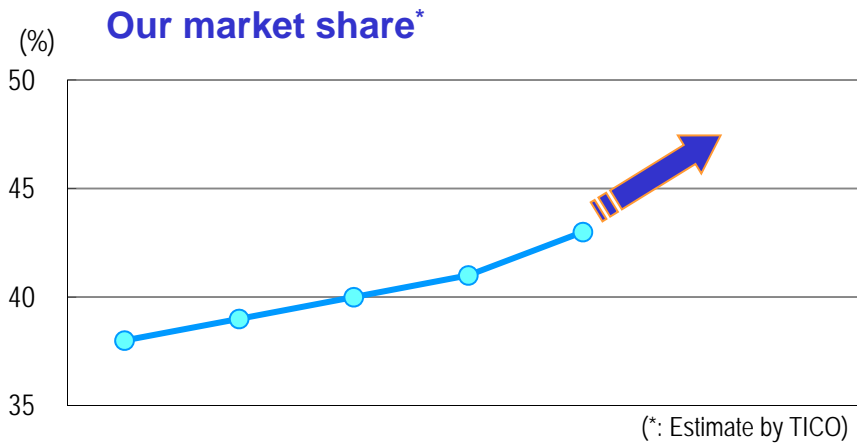
Plan to increase unit sales backed by past order growth although both developed and emerging countries markets are expected to be on par with previous year due to weaker automobile sales.

(Thousand units)



# Car air-conditioning Compressor

## Picture of mid-term business growth



## Compressor market forecast in FY2021

- \*Automobile sales increase led by the US, China and emerging countries
- \*Increase of car air-conditioner adoption rate

## Our initiatives

**Aim further sales increase backed by more stringent fuel efficiency regulations**

- Response to increasing needs for better fuel efficiency**

- \*Further enhance performance of variable displacement type and sales expansion activities leveraging its product appeal.

- \*Sales expansion of electric type backed by electrification of vehicles.

- Global production and supply structure**

- \*Continuous improvement of productivity focusing on production bases outside Japan.

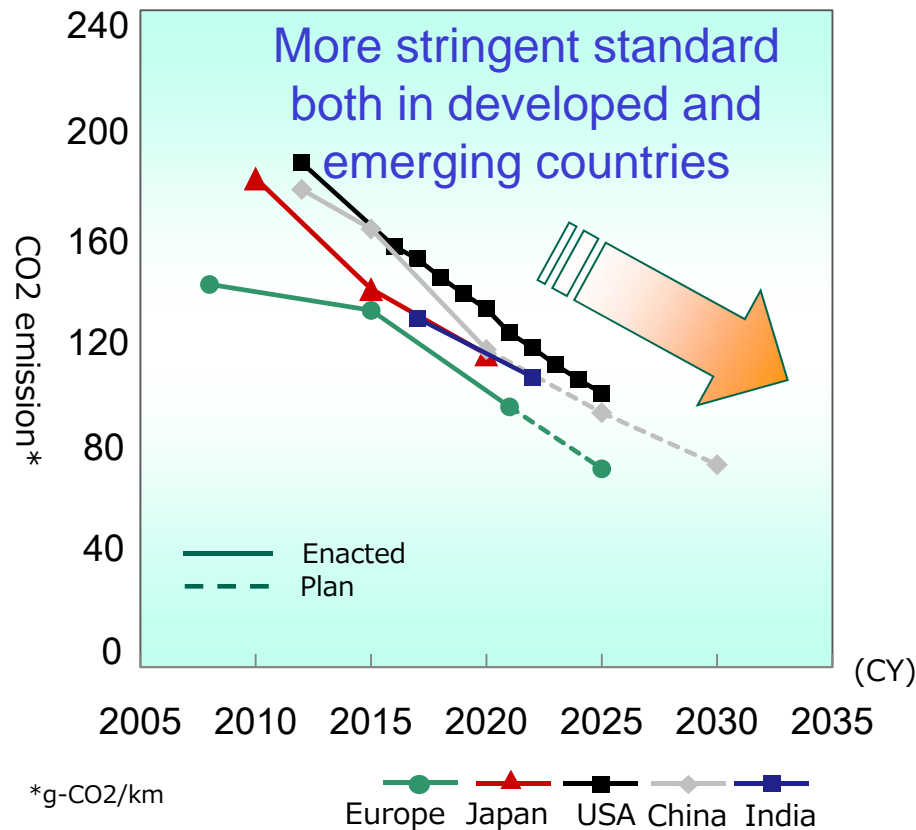
- \*Increase production and other capabilities of production bases outside Japan, requiring less support from mother plant in Japan.

# Car air-conditioning Compressor

Our initiatives of Compressor business toward increasing customer needs for better fuel efficiency

## 1. Sales expansion of variable displacement type

More stringent automobile fuel efficiency (g/km) (CO2 emission) standard in the world

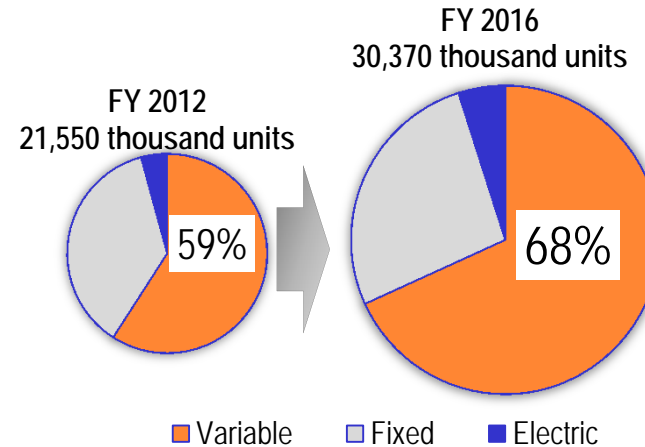


Based on materials of various research institutes, and fuel consumption testing of each country

Fitted with engine driven cars, **automatically adjust cooling performance** according to outside temperature and engine load, achieving **high fuel efficiency**



Expanded sales of **variable displacement type** by leveraging its strong product appeal



# Car air-conditioning Compressor

## Initiatives in Compressor business toward increasing customer needs for better fuel efficiency

### 2. Further increase product appeal of electric type together with variable displacement type



ESB20 electric compressor



Toyota New Prius

Realized both fuel efficiency and comfort at high level by enabling the use of car air-conditioner while engine stops when start-stop motion activates, or when run by electricity, by acquiring power from motor.

#### Highly evaluated by customers for our comprehensive product appeal

30% higher cooling performance

8% lower electricity consumption

More compact and Lighter weight

Better quietness

Better durability

\*Realized such high product appeal as fuel efficiency by collaboration between Compressor and Electronics divisions.

\*Our electric type compressor holds more than 70% of global market share, fitted with all Toyota cars and other major car manufacturers' models in the world.

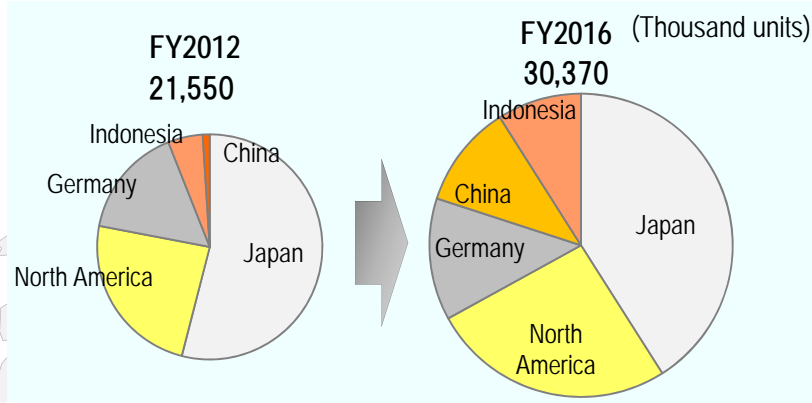
\*Electric type compressors are applicable to all electric driven cars such as HEVs, PHEVs, EVs and FCVs.

Steadily increase unit sales responding to electrification of cars

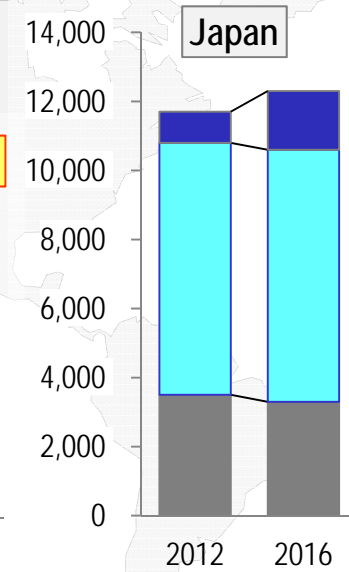
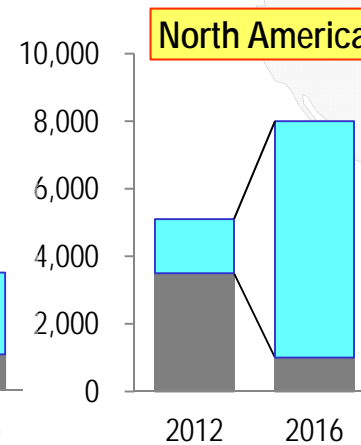
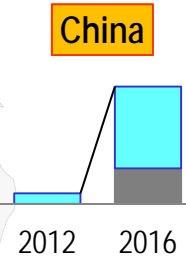
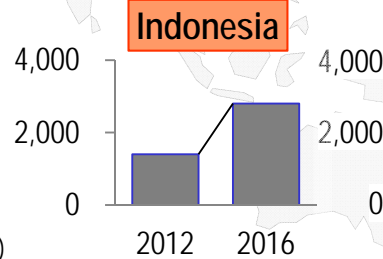
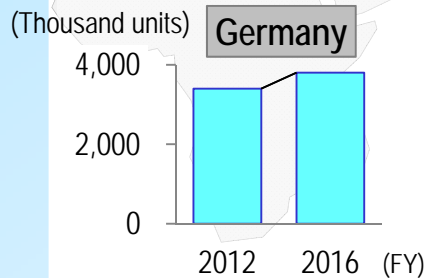
# Car air-conditioning Compressor

## Global production and supply structure

Production volume by region



- Electric type
- Variable displacement type
- Fixed displacement type



### Strengthened production and supply structure outside Japan

(Production capacity increase, Response to growing needs for variable displacement type, Increase of local procurement ratio)

Further improve production and capabilities including productivity of production bases outside Japan, requiring less support from mother plant in Japan.



## Engine, Car Electronics

### Engine

- \*Started production of GD diesel engine fitted with turbocharger which TICO participated in its development. (2015)
- \*Started production of GD diesel engine for IMVs at our Indian subsidiary, Toyota Industries Engine India Pvt. Ltd. (March 2016)
- \*Consolidate Toyota Group's diesel engine development and production to TICO in the future.



GD diesel engine

### Car Electronics

- \*Our DC-DC converter, AC inverter and rear-wheel drive inverter for four-wheel drive are fitted with new Prius. (2015)
- \*Developed new charging stand as a standard model of the charging infrastructure. (2015)
- \*Further increase the role in non-automotive products including materials handling equipment through collaboration with other business divisions.



DC-DC converter



AC inverter



Rear-wheel drive inverter  
for four-wheel drive

## *Cautionary Statement with Respect to Forward-Looking Statements*

*This presentation contains projections of business results as well as statements regarding business plans, forecasts, strategies, and other forward-looking statements that are not to be taken as historical fact. Projections and forward-looking statements are based on the current expectations and estimates of Toyota Industries and its Group companies. All such projections and forward-looking statements are based on management's assumptions and beliefs derived from the information available to it at the time of producing this report and are not guarantees of future performance. You should also be aware that certain risks and uncertainties could cause the actual results of Toyota Industries and its Group companies to differ materially from any projections or forward-looking statements appearing in this report. These risks and uncertainties include, but are not limited to, the following: 1) economic trends, 2) various competitive pressures, 3) changes in relevant laws and regulations, and 4) fluctuations in exchange rates.*